

Terminale GNL Adriatico S.r.l

The present document includes the “Compulsory information for the benefit of the users” required from the Gas and Electric Power Authority in line with Resolution n. 167/05.

This document constitutes a courtesy translation of the Italian official version. Therefore, the Italian version shall be regarded as the sole authoritative and official text to be referred to for the purposes of construing and interpreting its content.

Index

Introduction

- 1) Definitions
- 2) Description of the Terminal and systems
- 3) Capacity
- 4) Access of LNG tankers to the terminal
- 5) LNG quantity, quality and pressure specifications
- 6) LNG correction services and costs
- 7) Taxes duties and other charges on the gas
- 8) Port Regulations and costs related to the delivery of LNG
- 9) List of LNG carriers acceptable to the terminal
- 10) Gas consumption at the terminal and correction services/costs



INTRODUCTION

The Gas and Electric Power Authority issued the resolution n. 167/05 on 1 August 2005 ("Resolution n. 167/05") defining in the article 3 "Obblighi informativi a beneficio degli utenti" some compulsory information that the operating company of an LNG terminal is required to publish at least twenty (20) months before the new capacity in the terminal is expected to be available. To fulfil this requirement Terminale Adriatico GNL S.r.l is publishing the following information on its website. Some of the information requested pursuant to the referenced article 3 of Resolution n. 167/05 is not yet available, but will be published on the website in due time and as soon as available.

It is important to specify that, due to the ongoing development of the project and to the fact that the future Access Code of the Operating Company is still subject to approval by the **Gas** and Electric Power Authority, the information published herein may be subject to subsequent changes and amendments.

1) DEFINITIONS

Except where the context requires otherwise, the following capitalised terms used shall have the meaning ascribed to them below:

- 1) "**Access Code**" means the document (including the Annexes) that shall be adopted by the Operating Company and approved by the Gas and Electric Power Authority ("Codice di Accesso" in the Italian text).
- 2) "**Capacity Agreement**" means any agreement which is entered into, in accordance with the relevant provisions that will be specified in the Access Code, between the Operating Company and a User for the provision of the Service ("Contratto per la capacita'" in the Italian text).
- 3) "**Capacity Charge**" means the amounts payable by a User to the Operating Company as will be determined pursuant to the Access Code. ("Tariffa di Capacita'" in the Italian text).
- 4) "**Cargo Handling Manual**" means the document relating to: the interfacing of an LNG Tanker's operational procedures and the Terminal's docking procedures; the connections between an LNG Tanker and the Terminal; equipment inerting and cooling; Unloading procedures; and equipment drainage and disconnection of an LNG Tanker from the Terminal. ["Cargo Handling Manual" in the Italian text].
- 5) "**Competent Authority**" means any Italian or European Union legislative, judicial, administrative or executive body, including the European Commission, the Italian Antitrust Authority (*Autorità garante della concorrenza e del mercato*), the Gas and Electric Power Authority, the MSE (ex MAP) and the Sea Authorities. ["Autorità Competente" in the Italian text].
- 6) "**Completion of Unloading**" means, following the Unloading of an LNG Tanker, the situation where all LNG discharge and return lines have been disconnected and such LNG Tanker has been cleared by the Operating Company for departure. ["Completamento della Discarica" in the Italian text].



- 7) "**Correction Service**" means the service provided by the Operating Company for the correction of LNG to render the resultant Gas compliant with the Gas Quality Specifications. ["Servizio di Correzione" in the Italian text]
- 8) "**Correction Service Use Gas**" means the quantity of LNG and/or Gas used by the Operating Company to provide the Correction Service. ["Gas Utilizzato per il Servizio di Correzione" in the Italian text]
- 9) "**Day**" means a period of twenty-four (24) consecutive hours starting from 06:00 hours. ["Giorno" in the Italian text].
- 10) "**Decree**" means the legislative decree no. 164 of 23 May 2000 on "Implementation of EC directive no. 98/30 concerning common rules for the internal market in Gas, pursuant to article no. 41 of law 144 of 17 May 1999". ["Decreto Legislativo" in the Italian text].
- 11) "**Delivery Point**" means the Terminal flange located at the connection point between the Terminal's unloading arms and the stub pipes of an LNG Tanker's loading/Unloading manifold on board an LNG Tanker. ["Punto di Consegna" in the Italian text].
- 12) "**Excess Use Gas**" means the quantity of Gas as calculated pursuant to Article 10 of this document. ["Gas Utilizzato in Eccesso" in the Italian text]
- 13) "**Foundation Capacity**" means the portion of Terminal Capacity that the Operating Company has the right to allocate to one or more Users pursuant to MAP decree dated 26 November 2004, which was issued in accordance with Law no. 239 of 23 August 2004 on "Reform of the energy sector and delegation to the Government for the reorganisation of the applicable energy laws and regulations", and which was submitted by the MAP to the EU Commission on 3 December 2004 pursuant to article 22 of directive 2003/55/EC. ["Capacità di Base" in the Italian text]
- 14) "**First Thermal Year**" means the period starting on the Start-up of Commercial Operations and ending at 06:00 hours on the immediately following 1st of October. ["Primo Anno Termico" in the Italian text]
- 15) "**Force Majeure**" or "**Force Majeure Event**" has the meaning that will be defined in the Access Code. ["Forza Maggiore" and "Evento di Forza Maggiore" in the Italian text]
- 16) "**Gas**" means any hydrocarbon or mixture of hydrocarbons consisting essentially of methane, other hydrocarbons and non-combustible gases in a gaseous state, which is extracted from the subsurface of the earth in its natural state, separately or together with liquid hydrocarbons. ["Gas" in the Italian text]
- 17) "**Gas and Electric Power Authority**" means the Gas and Electric Power Authority (*Autorità per l'Energia Elettrica e il Gas*) established by law no. 481 of 14 November 1995 with, *inter alia*, the responsibility of regulating and controlling the gas and electric power sectors. ["Autorità per l'Energia Elettrica ed il Gas" in the Italian text]
- 18) "**Gas Quality Specifications**" means the Gas quality specifications that will be set set out in the Access Code
- 19) "**Grid**" means the national and regional transport system for Gas as defined in the MICA decree of the 22nd of December 2000, as such decree is published in the Gazzetta Ufficiale, serie generale, 23-11-2001 n. 18, ["Rete" in the Italian text]
- 20) "**Gross Heating Value**" means the amount of heat liberated during the complete combustion of a specified quantity of gas in air, so that the pressure p_1 at which the



reaction takes place remains constant and all combustion products are returned to the same specified temperature t_1 as that of the reactants, all of these products being in a gaseous phase except for the water which forms during combustion which condenses in a liquid state at temperature t_1 . When the amount of gas is specified on a volumetric base, the heating value is given by $H_v(t_1, V(t_2, p_2))$ where t_2 and p_2 are the gas volume (metering) reference conditions. The reference conditions are as follows: $t_1 = t_2 = 15^\circ\text{C}$; and $p_1 = p_2 = 1.01325$ bar which are the standard conditions for the volume given in Sm^3 . [“Potere Calorifico Superiore” in the Italian text]

- 21) "**LNG**" (acronym for *liquefied natural gas*) means Gas which has been converted to a liquid state, at or below its boiling point and at a pressure of approximately 1 atmosphere. [“GNL” in the Italian text]
- 22) "**LNG Quality Specifications**" means the LNG quality specifications set out in the next Article 5 [“Specifiche di Qualità del GNL” in the Italian text]
- 23) "**LNG Tanker**" means a vessel used for the transportation of LNG from a loading port to the Terminal. [“Nave Metaniera” in the Italian text]
- 24) "**LNG Tanker Vetting Procedure**" means the procedure issued by the Operating Company to vet the LNG Tankers, shipowners, and master/crew. [“Procedura di Verifica della Nave Metaniera” in the Italian text]
- 25) "**MSE**" means the Ministry of Economic Development , formerly MAP (Ministry of Productive Activities) [“MSE” in the Italian text]
- 26) "**MICA**" means the former Ministry of Industry, Trade and Crafts. [“MICA” in the Italian text]
- 27) "**Month**" means a period beginning at 06:00 hours on the first Day of a calendar month and ending at 06:00 hours on the first Day of the following calendar month, and "**Monthly**" shall be construed accordingly. [“Mese” and “Mensile” in the Italian text]
- 28) "**Net Unloaded LNG**" means, following Completion of Unloading, the quantity of LNG that has been Unloaded from an LNG Tanker less any quantity of LNG corresponding to the quantity of Gas that has been transferred back to such LNG Tanker from the Terminal via the vapour return line in order to facilitate the Unloading. [“GNL Scaricato Netto” in the Italian text]
- 29) "**Non-Foundation Capacity**" means Terminal Capacity less Foundation Capacity. [“Capacità Regolata” in the Italian text]
- 30) "**Off-Spec Gas**" means Gas which does not comply with the Gas Quality Specifications. [“Gas Fuori Specifica” in the Italian text]
- 31) "**Off-Spec LNG**" means LNG which does not comply with the LNG Quality Specifications. [“GNL Fuori Specifica” in the Italian text]
- 32) "**OCIMF**" means the Oil Companies International Marine Forum. [“OCIMF” in the Italian text]
- 33) "**Operating Company**" means the company Terminale GNL Adriatico S.r.l (Adriatic LNG) that is in the process of implementing a project to build and operate the Terminal. [“Gestore” in the Italian text]
- 34) "**Party**" or "**Parties**" means the Operating Company and the relevant User. [“Parte” or “Parti” in the Italian text]
- 35) "**Sea Authorities**" means the Ministry of Infrastructures and Transport (*Ministero delle infrastrutture e dei trasporti*) and the port authority (*Capitaneria di porto*) of Chioggia. [“Autorità Marittime ” in the Italian text]
- 36) "**Port Charges**" means (i) charges established by the Sea authority at the unloading port payable by the owner or charterer of an LNG Tanker including



- charges related to immigration and customs clearance for the LNG Tanker and its crew and harbour master dues and (ii) other expenditures normally attributable to an LNG Tanker arising from the delivery of LNG at the Terminal and include expenditures relating to pilotage, towage, escort or watch vessels, line handling and light dues. [“Oneri Portuali” in the Italian text]
- 37) "**Port Regulations**" means the regulations, administrative provisions, acts and/or other provisions issued by the Sea Authorities for the co-ordination of movement of LNG Tankers. [“Regolamenti Portuali” in the Italian text]
- 38) "**Redelivery Period**" means the specific period of time, as stipulated in the applicable Capacity Agreement, during which the Operating Company will provide the Redelivery Service with respect to the LNG volume delivered during a Unloading Slot. [“Periodo di Riconsegna” in the Italian text]
- 39) "**Redelivery Point**" means the point where the redelivery of gas will occur [“Punto di Riconsegna” in the Italian text].
- 40) "**Redelivery Service**" means the transmission of Gas by the Operating Company to the Redelivery Point, and "**Redeliver**", "**Redelivery**" and "**Redelivered**" shall be construed accordingly. [“Servizio di Riconsegna”, “Riconsegnare”, “Riconsegna” and “Riconsegnato” in the Italian text]
- 41) "**Regasification**" means the activities of (a) extraction of LNG from the storage tanks, (b) its pressurisation and (c) its conversion from a liquid to a gaseous state, and "**Regasified**" shall be construed accordingly. [“Rigassificazione” in the Italian text]
- 42) "**Regasification Service**" means, together, the activities performed by the Operating Company at the Terminal, of Unloading, Storage, Regasification and Redelivery, in each case in accordance with article 1.1, letter (c) of resolution no. 120 issued by the Gas and Electric Power Authority on 30 May 2001. [“Servizio di Rigassificazione” in the Italian text]
- 43) "**Regulations**" means all laws, regulations, administrative and judicial provisions, acts, and/or other provisions issued by any Competent Authority, including the Decree and the Port Regulations. [“Normativa Applicabile” in the Italian text]
- 44) "**Scheduled Arrival Range**" means (a) the first forty-eight (48) hours of an Unloading Slot for LNG Tankers that load LNG at a port located outside the Mediterranean Sea or (b) the first twenty-four (24) hours of an Unloading Slot for LNG Tankers that load LNG at a port located within the Mediterranean Sea, during which an LNG Tanker is scheduled to tender its Notice of Readiness. [“Cancello di Accettazione” in the Italian text]
- 45) "**Service**" means collectively (i) the making available of Subscribed Capacity by the Operating Company to a User; (ii) the Regasification Service and (iii) the Correction Service. [“Servizio” in the Italian text]
- 46) "**SIGTTO**" means the Society of International Gas Tanker and Terminal Operators. [“SIGTTO” in the Italian text]
- 47) "**Specific Density**" means the ratio between the mass of a volume of Gas and the mass of a corresponding volume of dry air at the same temperature (15°C) and pressure (1.01325 Bar) conditions. [“Densità Relativa” in the Italian text]
- 48) "**Sm³**" means the quantity of Gas, free of water vapour, occupying the volume of one (1) Cubic Metre at the temperature of 15°C and absolute pressure of 1.01325 Bar. [“Sm³” in the Italian text]



- 49) **"Storage"** means the storage of LNG in storage tanks at the Terminal
- 50) **"Terminal"** means:
- (a) the offshore plant located at an approximate water depth of 29 metres in the Adriatic Sea in Italian territorial waters at approximately lat. 45°05' N, long. 12°35' E approximately 17 km offshore Porto Levante (Rovigo), comprising a gravity-based structure for the docking of LNG Tankers and for the provision of the Service; and
 - (b) all facilities as will be described in greater detail in the Access Code. [“Terminale” in the Italian text]
- 51) **"Terminal Capacity"** means the Provisional Terminal Capacity or the Final Terminal Capacity, as the case may be. [“Capacità del Terminale” in the Italian text]
- 52) **"Terminal Regulations"** means the rules and procedures set forth by the Operating Company for all operations at the Terminal from an LNG Tanker docking to undocking, such rules being in compliance with the Port Regulations and all other relevant Regulations. [“Regolamenti del Terminale” in the Italian text]
- 53) **"Terminal Use Gas"** means the quantity of LNG and/or Gas used by the Operating Company as fuel and for other purposes necessary for maintaining base Terminal operations and for the provision of the Regasification Service, including the quantities of Gas which are typically lost (i) through various valves within the Terminal during normal operations and (ii) during maintenance of the Terminal, but excluding the quantity of Gas and/or LNG specified in the quantity of Gas and/or LNG required to make the Terminal operations, and for the avoidance of doubt, any Correction Service Use Gas. [“Gas Utilizzato dal Terminale” in the Italian text]
- 54) **"Thermal Year"** means that period commencing at 06:00 hours on the 1st of October and ending on the immediately succeeding 1st of October at 06:00 hours. [“Anno Termico” in the Italian text]
- 55) **"Transportation Enterprise"** means the person which, from time to time and for the purpose of article 8 of the Decree, transports Gas directly after the Redelivery Point. [“Impresa di Trasporto” in the Italian text]
- 56) **"Unloading"** means the technical operations (following the mooring of an LNG Tanker at the Terminal and the safe setting of the receiving equipment) used to transfer an LNG Tanker's cargo to the Terminal's storage tanks, in accordance with the procedures provided in the Cargo Handling Manual, and **"Unload"** and **"Unloaded"** and similar expressions shall be construed accordingly. [“Discarica”, “Scaricare” and “Scaricato” in the Italian text]
- 57) **"User"** means any person to whom Terminal Capacity or Spot Capacity is allocated and to whom the Operating Company provides the Service pursuant to a Capacity Agreement entered into between such person and the Operating Company. [“Utilizzatore” in the Italian text]
- 58) **"Wobbe Index"** means the Gross Heating Value (in MJ/Sm³) on a volumetric basis at specified reference conditions divided by the square root of the Specific Density at the same specified metering reference conditions of Gas. [“Indice di Wobbe” in the Italian text]



59) **"Year"** means the time period beginning at 06:00 hours on the 1st of January of any calendar year and ending at 06:00 hours on the 1st of January of the immediately following calendar year. ["Anno" in the Italian text]

2) DESCRIPTION OF THE TERMINAL AND SYSTEMS

1) Terminal Specifications

The Terminal through which the Operating Company will provide the Service shall have the following specifications:

(a) ability to receive, berth, and Unload LNG Tankers having the following specifications:

Minimum Capacity:	65,000 cubic metres
Dead-weight at arrival:	Maximum 84,000 metric tons
Displacement at arrival:	Maximum 120,000 metric tons
Overall length:	Maximum 300 metres
Beam:	Maximum 49.5 metres
Arrival draft:	Maximum 12.0 metres
Rate of discharge:	12,000 cubic metres per hour against an LNG head of 80 metres at the Delivery Point

- (b) berthing facilities that comply with SIGTTO and OCIMF guidelines (as amended from time to time) at which the LNG Tankers can, when permitted by Port Regulations, safely reach, fully laden, and safely depart, and at which the LNG Tankers can lie safely berthed and discharge safely afloat, unless prevented from doing so by bad weather and/or sea conditions;
- (c) unloading facilities (including three (3) unloading arms) capable of receiving LNG at a rate that will permit the full discharge of a fully loaded LNG Tanker within twelve (12) hours of pumping time at a pumping rate of not less than twelve thousand cubic metres (12,000 m³) per hour;
- (d) vapour return facilities (including one (1) vapour return arm) of sufficient capacity to transfer to an LNG Tanker quantities of regasified LNG, necessary for the safe Unloading of LNG at such rates, pressures and temperatures as may be required by the design of the LNG Tanker and good operating practice;
- (e) facilities for liquid or gaseous nitrogen adequate to purge the unloading arms;
- (f) LNG storage tanks having an aggregate working capacity of two hundred fifty thousand cubic metres (250,000 m³) or more;
- (g) LNG regasification facilities;



- (h) appropriate systems for: facsimile, telephone and radio communications with LNG Tankers; and emergency shut down, in accordance with the SIGTTO recommendations and guidelines (as may from time to time be amended) for linked ship/shore emergency shut down;
- (i) air injection systems for the Correction Service;
- (j) required utility systems, including gas turbine electric power generation, for the operation of the Terminal;
- (k) control and safety systems for the operation of the Terminal;
- (l) a thirty inch (30") diameter gas pipeline comprised of an underwater section to the beach landfall and a subsequent onshore section .
- (m) a metering station for the Gas
- (n) the quantity of Gas and/or LNG required to make the Terminal operational; and
- (o) an electronic communication system built and implemented by the Operating Company in a manner designed to fulfil the requirements of this Access Code.

3) CAPACITY

1) Calculation of the Terminal Capacity

The Terminal Capacity shall be determined by considering the technical and operational limits of the Terminal, as established by the Operating Company, taking into account the number and duration of Unloading Slots, Storage capacity, send-out capacity, and the available Gas pipeline capacity at the Redelivery Point. At December 2006, and subject to the definitive determination of Terminal Capacity pursuant to Access Code , the total terminal capacity for planning purposes is estimated to be approximately

- estimated Terminal Capacity 8.0 BCM / year
- estimated Foundation Capacity 6.4 BCM / year
- estimated Non-Foundation Capacity 1.6 BCM / year

The Foundation Capacity was granted to the Operating Company at a portion of 80% (eighty per cent) of the Terminal Capacity for 25 (twenty-five) years pursuant to MAP decree dated 26 November 2004.

The Non-Foundation Capacity of 20% (twenty per cent) of the Terminal Capacity is



available for subscription.

4) ACCESS OF LNG TANKERS TO THE TERMINAL

1) LNG Tankers requirements

All LNG Tankers used by or on behalf of a User within the scope of the Capacity Agreement to which such User is a Party shall be: (i) subject to acceptance by the Operating Company pursuant to the procedure set out in this paragraph; and (ii) operated in compliance with the Terminal Regulations, Port Regulations, the Cargo Handling Manual and the LNG Tanker Vetting Procedure that will be published in the future

2) Acceptance of LNG Tankers

Each User must notify the Operating Company as soon as reasonably practicable the names of each LNG Tanker that will be used for the transportation to and Unloading of LNG at the Terminal in accordance with the Capacity Agreement to which such User is a Party. If any User wishes to use new-built LNG Tankers about which all relevant operational and procedural information is not available to the Operating Company, then the Operating Company and such User shall meet in order to define a procedure for the acceptance of such LNG Tankers.

After being notified of the names of any new-built or existing LNG Tanker that a User wishes to use for the transportation and Unloading of LNG, the Operating Company shall apply the LNG Tanker Vetting Procedure and shall send to such User a Questionnaire that the User shall return duly completed to the Operating Company as soon as reasonably practicable.

On the basis of the information received, the Operating Company shall be entitled to request an inspection of any such LNG Tanker, the timing and conditions of any such inspection to be agreed between the Parties. Each Party shall bear its own costs and expenses relating to any such inspection.

The Operating Company must notify the relevant User of the acceptance or rejection of a proposed LNG Tanker after receipt from such User of the duly completed Questionnaire in respect of such LNG Tanker or after completion of the inspection provided for under this clause whichever is the later.

Operating Company will keep on the Electronic communication system a list of LNG Tankers that are accepted for Unloading at the Terminal and shall promptly update such list in the event of any addition of new LNG Tanker or of any removal of an LNG Tanker from such list.

At the present the list of the LNG tankers acceptable is not yet available but such list will be published on the website as soon as it is finalized.

3) Rejection of LNG Tankers

The Operating Company shall have the right to reject an LNG Tanker:

- (a) where the proposed LNG Tanker or its master and/or crew does not comply with the standards contained in the LNG Tanker Vetting Procedure;
- (b) where the Operating Company has previously accepted such LNG Tanker and thereafter becomes aware or has reasonable grounds to believe that such



LNG Tanker or its master and/or crew no longer complies with the standards contained in the LNG Tanker Vetting Procedure;

- (c) where the User that uses such LNG Tanker, or on behalf of which such LNG Tanker is used, or, as the case may be, such LNG Tanker or its master and/or crew have ceased to maintain and/or to continue to satisfy any of the Service conditions required from the Operating Company; and/or
- (d) where such User fails to make, or procure that any third person makes, the necessary modifications pursuant to and in accordance with the clause specified in the section below

4) Modifications to LNG Tankers

Modifications to LNG Tankers will be treated pursuant to the future Access Code.

5) LNG QUANTITY, QUALITY AND PRESSURE SPECIFICATIONS

1) LNG Quantity

The quantity of LNG delivered by or on behalf of a User shall be calculated by the User following the procedures that will be set forth in the future Access Code and shall be verified by an independent surveyor agreed upon by User and Operating Company. Any BTUs of Gas provided to the User from the Terminal via the vapor return line in order to facilitate the unloading operation, shall be deducted from the BTU's delivered by User as LNG to determine the Net Unloaded LNG delivered.

2) LNG Quality

- Gross Heating Value and Wobbe Index

LNG delivered by or on behalf of a User to the Operating Company at the Delivery Point, in a gaseous state, shall have a Gross Heating Value in the range of 34.95 MJ/Sm³ to 45.28 MJ/Sm³ and a Wobbe Index in the range of 47.31 MJ/Sm³ to 53.40 MJ/Sm³.

LNG delivered by or on behalf of a User to the Operating Company at the Delivery Point, in a gaseous state, shall contain for the components and substances listed below, not more than the following:

Methane (C₁) ,(***) mol %
Ethane (C₂) , (***) mol %;
Propane (C₃), (***) mol %;
Butanes (C₄) and heavier, (***) mol %;
Pentanes (C₅) and heavier, (***) mol %;
Nitrogen (N₂), (***) mol %;
Carbon Dioxide (CO₂), 0.05 mol%;
Oxygen (O₂), 0.05 mol%;
Hydrogen Sulfide (H₂S), 4.59 mg/Sm³;
Total sulfur content, 45.88 mg/Sm³;
Mercaptans, 9.18 mg/Sm³;
Mercury, 10 Ng/Sm³ *;



And not exceed the following:

Hydrocarbons dew point: -5°C **; and
Cargo vapor pressure at Delivery Point: 140 millibars gauge

The LNG shall not contain any liquid or solid contaminants.

* Mercury shall be measured in accordance with ASTM D-5954, in which the minimum mercury measurement possible with respect to LNG is 10 nanograms/ Sm^3 (Ng/ Sm^3) of Gas.

** In the range of pressure 1 to 70 bars gauge.

*** For these components the values acceptable are intrinsically limited in the range of acceptability of the Wobbe Index.

6) LNG CORRECTION SERVICES AND COSTS

1) Adjustment of within spec LNG

Should any User make available for delivery at the Delivery Point quantities of LNG with a Wobbe Index and/or Gross Heating Value complying with the LNG Quality Specifications but with values exceeding (a) $52.33\text{ MJ}/\text{Sm}^3$ for the Wobbe Index; and/or (b) $45.28\text{ MJ}/\text{Sm}^3$ for the Gross Heating Value, then the Operating Company shall perform the Correction Service in respect of such LNG and, in addition to the payment of the related Total Charge, such User must reimburse the Operating Company all substantiated costs and expenses incurred by the Operating Company for the performance of the Correction Service. The Operating Company shall use all reasonable endeavours to minimize all costs and expenses so incurred.

2) Unloading of Off-Spec LNG and performance of the Correction Service

If the quality features of any LNG to be Unloaded, which are notified or procured to be notified by a User to the Operating Company in any notice served pursuant to the “departure notice” that will be specified in the Access Code:

- (a) do not comply with the LNG Quality Specifications, the Operating Company shall use all reasonable endeavours to accept and Unload such Off-Spec LNG and perform the Correction Service in respect thereof. If, notwithstanding the use of all reasonable endeavours by the Operating Company, the Operating Company reasonably believes that it will be unable to perform the Service, then the Operating Company may refuse such Off-Spec LNG and instruct that the relevant LNG Tanker not be Unloaded, by giving notice to such User within twelve (12) hours after receipt of the above notice; or
- (b) comply with the LNG Quality Specifications, but upon Unloading and testing of such LNG at the Terminal such LNG does not comply with the LNG Quality Specifications, the Operating Company shall (i) promptly give notice thereof to the User; and (ii) use all reasonable endeavours to accept and continue Unloading of such Off-Spec LNG and perform the Correction Service in respect thereof. If, notwithstanding the use of all reasonable endeavours by the Operating Company, the Operating Company reasonably believes that it will be unable to perform the Service, then the Operating



Company may refuse such Off-Spec LNG and stop the Unloading by giving notice to such User. In addition, the User shall have the right to stop at any time the Unloading of such Off-Spec LNG by giving notice to the Operating Company.

3) Estimate of costs and expenses of the Correction Service

At User's request, the Operating Company shall promptly provide to such User its best estimate of (i) the costs and expenses expected to be incurred with respect to the performance of the Correction Service pursuant to previous paragraphs "Adjustment of within spec LNG" and "Unloading of Off-Spec LNG and performance of the Correction Service", as applicable, and (ii) the quantity of Correction Service Use Gas to be provided by such User in relation to such Correction Service.

4) User's liability in relation to Unloading of Off-Spec LNG

Subject to the determination of Quality at the delivery point, as will be specified in the Access Code, in the event that any Off-Spec LNG is Unloaded by or on behalf of a User with or without the acceptance of the Operating Company, such User shall indemnify and hold the Operating Company harmless from any costs and/or expenses directly incurred by the Operating Company to:

- (a) provide the Correction Service with respect to such Off-Spec LNG, but excluding the cost associated with the Correction Service Use Gas;
- (b) restore, repair, or replace any part of the Terminal that is damaged as a result of the Unloading of such Off-Spec LNG and/or the performance of the relevant Correction Service; and
- (c) satisfy or settle valid third-party claims that are brought against the Operating Company as a result of the Unloading of such Off-Spec LNG, provided that the Operating Company, before satisfying or settling any such claim, shall consult with such User and shall take into due consideration any comments of such User in relation to the defence of any such claim.

The Operating Company shall use all reasonable endeavours to minimize the costs and expenses referred to in this paragraph. Save as expressly described in this paragraph, the User shall incur no further liability to the Operating Company with respect to such Off-Spec LNG.

If any Off-Spec LNG is refused by the Operating Company in the circumstances described in this paragraph, the User shall continue to be liable to pay to the Operating Company the Capacity Charge in respect of such Off-Spec LNG.



7) TAXES, DUTIES AND CHARGES ON THE GAS

1) Responsibility for tax returns

Except as otherwise provided for by the Regulations or by any other applicable laws, regulations, administrative or judicial provisions or such like, all tax returns, filings and/or other formalities of a fiscal or administrative nature required to be made pursuant to any Regulation (including any returns, filings and/or formalities concerning the importation of LNG) or pursuant to any other applicable law, regulation, administrative or judicial provision of such like, will be borne by and be the responsibility of each User.

2) Payment of duties, VAT and taxes, customs indemnities

Any duty , VAT and/or tax arising or imposed under Italian law or under any law of any other state in relation to (a) any LNG of a User, (b) the Service (but excluding, for the avoidance of doubt, any corporation or similar taxes on the revenues or profits of the Operating Company), (c) any LNG regasified for or on behalf of a User, and/or (d) any Gas resulting from Regasification which is transmitted to the Redelivery Point, will be borne by such User, which will keep the Operating Company indemnified in respect of any such duties and taxes.

3) Responsibility of the users

Users will be responsible for compliance with any VAT laws existing in Italy for the LNG / Gas belonging to them .

8) PORT REGULATIONS AND COSTS RELATED TO THE DELIVERY OF THE LNG

As specified in the previous article 4 “Access of LNG Tankers to the terminal“, the Operating Company will make available in due time the Port Regulations, the Terminal Regulations and a Cargo Handling Manual.

These documents will be published on the electronic communication system of the Operating Company

9) LIST OF LNG CARRIERS ACCEPTABLE FOR THE TERMINAL

As specified in the previous art 4 “Access of LNG Tankers to the Terminal“, a list of LNG carriers approved for discharge is not available yet. The Operating Company will publish it in due time on its electronic communication system.

10) GAS CONSUMPTION AT THE TERMINAL AND CORRECTION SERVICES/COSTS

1) Performance of Regasification Service and Correction Service)

Subject to what is specified in the paragraph “Unloading of Off-Spec LNG and performance of the Correction Services” at the article 6 “LNG Correction Services and Costs“, the Operating Company shall perform the Regasification Service and the Correction Service on the aggregate Net Unloaded LNG delivered during any given period by or on behalf of any User and shall be obligated to provide to such User a quantity of Gas containing an amount of energy equal to such aggregate Net Unloaded LNG (i) less any Terminal Use Gas and any Correction Service Gas



associated with such Net Unloaded LNG (ii) plus any Excess Use Gas associated with such Net Unloaded LNG.

2) Terminal Use Gas, Correction Service Use Gas and Excess Use Gas

- (a) Each User shall transfer to the Operating Company title to such part of its LNG that is required to be used as Terminal Use Gas and/or Correction Service Use Gas, at no cost to the Operating Company and in the quantities determined by the Operating Company, subject to and in accordance with the present article.

The quantity of Terminal Use Gas and Correction Service Use Gas supplied by such User during a Day shall be determined by the Operating Company in accordance with the following formula:

$$Q_i = \frac{A_i}{B_i} \times TCF_i + C_i + D_i$$

Where:

Q_i = the aggregate quantity of Terminal Use Gas and Correction Service Use Gas supplied by such User during the Day i ;

A_i = the Gas Redelivered to such User during such Day i ;

B_i = the Gas Redelivered to all Users during such Day i ;

TCF_i = the total quantity of Terminal Use Gas used during such Day i less all quantities of Terminal Use Gas to be supplied during such Day i by any User(s) pursuant to paragraph (e) below;

C_i = the quantity of Correction Service Use Gas to be supplied by such User during such Day i pursuant to paragraph (f) below; and

D_i = the quantity of Terminal Use Gas to be supplied by such User during such Day i pursuant to paragraph (e) below.

- (b) Each Month and with respect to each User the Operating Company shall determine the Excess Use Gas, if any, by applying the procedure described below:

$$EG = \sum_i (Q_i - C_i - D_i) - CAP \times \sum_i A_i$$

Where:

EG is the variance between the aggregate Terminal Use Gas supplied by such User from a maximum allowed amount, calculated on a Monthly basis;



\sum_i indicates the sum for each Day i over the entire Month;

Q_i is as defined in paragraph (a) above;

C_i is as defined in paragraph (a) above;

D_i is as defined in paragraph (a) above;

CAP is equal to one decimal point five percent (1.5%); and

A_i is as defined in paragraph (a) above.

The Excess Use Gas shall be equal to (i) EG , if EG is a positive number and the average of B_i (as defined in paragraph (a) above) over the Month exceeds three hundred and sixteen (316) TJ/Day or (ii) or zero (0) in all other cases.

- (c) With respect to each User, any Excess Use Gas shall be considered as lost Gas for all purposes of the Access Code that will be published in due time .
- (d) The Operating Company shall from time to time provide such information as a User may reasonably request in order to enable such User to verify the quantity of Terminal Use Gas and Correction Service Use Gas provided or to be provided by such User under the present article.
- (e) Each User shall be responsible for and shall supply to the Operating Company any quantity of Terminal Use Gas which is utilised by the Operating Company as a direct and exclusive consequence of the use by the Operating Company of all reasonable endeavours to accept for Unloading an LNG Tanker of such User which tenders pursuant to the provisions that will be specified in the future Access Code its Notice of Readiness before or after its Scheduled Arrival Range, provided that such LNG Tanker is thereupon accepted for Unloading .
- (f) Each User shall be responsible for and shall supply to the Operating Company any quantity of Correction Service Use Gas which is utilised by the Operating Company as a direct and exclusive consequence of:
 - (i) the performance of the Correction Service with respect to Off-Spec LNG as specified in the paragraph “Unloading of Off Spec LNG and performance of the correction service“, subject to the determination of Quality at the delivery port as will be specified in the Access Code; and
 - (ii) the performance of the Correction Service with respect to LNG complying with the LNG Quality Specifications pursuant to the previous paragraph “Adjustment of within spec LNG”.